



EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Wednesday, January 13, 2021
327E Room, State Capitol
Bismarck, North Dakota

Representative Mike Lefor, Chairman, called the meeting to order at 7:00 a.m.

Members present: Representatives Mike Lefor, Jason Dockter, LaurieBeth Hager, Emily O'Brien, Matthew Ruby, Austen Schauer, Paul J. Thomas; Senators Howard C. Anderson, Jr., Brad Bekkedahl, Dick Dever, Karen K. Krebsbach, Richard Marcellais, Kristin Roers

Members absent: None

Others present: Representatives Jim Kasper, Fargo and Zachary Ista, Grand Forks
See [Appendix A](#) for additional persons present.

ACTUARIAL REVIEWS

Chairman Lefor called on Mr. Scott Miller, Executive Director, Public Employees Retirement System for technical comments and presentation of the actuarial reports on each of the three bills over which the committee took jurisdiction under North Dakota Century Code Section 54-35-02.4. Mr. Miller provided a single presentation ([Appendix B](#)) providing technical comments on the three bills.

House Bill No. 1245

Chairman Lefor called on Mr. Miller for technical comments and to present the actuarial report ([Appendix C](#)) on House Bill No. 1245 [[21.0148.03000](#)], which authorizes the Budget Section to approve Public Employees Retirement System (PERS) uniform group insurance contracts.

In response to a question from Senator Dever, Mr. Miller said the PERS health insurance contract with Sanford Health Plan will be signed this week. He said when selecting a bidder, PERS is not required to select the lowest bidder.

Chairman Lefor called on Representative Kasper for comments regarding House Bill No. 1245. He said his intent with this bill is not to overturn the pending PERS health insurance contract, but to offer checks and balances.

In response to a question from Senator Bekkedahl, Representative Kasper said he selected the Budget Section to approve the contracts because with the Legislative Assembly only meeting in regular session every other year, the timing does not work for the Legislative Assembly to approve the contracts.

Senator Roers said she views this as a slippery slope.

Chairman Lefor said he supports this concept. He said the PERS health insurance contract is unique because it is a \$500 million contract.

In response to a question from Representative Schauer, Mr. Miller said the PERS Board opposes this bill. He said he has concerns regarding separation of powers and that the Budget Section typically only meets quarterly.

Representative Dockter said he is not opposed to the bill.

Senator Dever said the PERS Board makes fiduciary decisions, whereas the Legislative Assembly and the Budget Section make political decisions. He said he supports the Legislative Assembly's role in deciding how to fund the health benefits, but this is not a bill providing for budgetary oversight, it is a bill that infringes on the executive branch.

It was moved by Senator Bekkedahl, seconded by Senator Krebsbach, and carried on a roll call vote that the committee give a report of no recommendation on House Bill No. 1245. Representatives Hager and O'Brien and Senators Bekkedahl, Dever, Krebsbach, Marcellais, and Roers voted "aye." Representatives Lefor, Dockter, Ruby, Schauer, and Thomas and Senator Anderson voted "nay."

Bill Draft No. 202

Chairman Lefor called on Mr. Miller for technical comments and to present the actuarial report ([Appendix D](#)) on Bill Draft No. 202 [[21.0202.05000](#)], which provides for increased contributions and a cash infusion for the PERS retirement plan.

Senator Anderson said this seems like a good place to start; however, \$24 million is not enough to address the unfunded liability of the plan adequately.

Representative Dockter said the Legislative Assembly cannot afford to kick the can any longer as the unfunded liability is growing each session the Legislative Assembly fails to fund the PERS plan adequately. He said this is a great first step.

In response to a question from Representative Schauer, Chairman Lefor said both this bill draft and Representative Ruby's bill draft could move forward as the Legislative Assembly discusses the issue of the retirement plan's unfunded liability.

It was moved by Senator Bekkedahl, seconded by Representative Dockter, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 202. Representatives Lefor, Dockter, Hager, O'Brien, Ruby, Schauer, and Thomas and Senators Anderson, Bekkedahl, Dever, Krebsbach, Marcellais, and Roers voted "aye." No negative votes were cast.

Bill Draft No. 325

Chairman Lefor called on Mr. Miller for technical comments and to present the actuarial report ([Appendix E](#)) on Bill Draft No. 325 [[21.0325.02000](#)], which provides continued medical insurance for surviving spouses and dependents of first responders who die in the line of duty.

Chairman Lefor called on Representative Ista for testimony ([Appendix E](#)) regarding Bill Draft No. 325.

In response to a question from Senator Roers, Representative Ista said if the surviving spouse moved out of state, that spouse would retain the ability to remain on the deceased spouse's health plan.

In response to a question from Representative Schauer, Representative Ista said the bill draft does not provide for retroactive application.

Senator Anderson said he does not want to discourage a surviving spouse from remarrying.

In response to a question from Senator Krebsbach, Representative Ista said the employer is liable financially for providing the continued health benefits.

It was moved by Representative O'Brien, seconded by Senator Roers, and carried on a roll call vote that the committee give a favorable recommendation on Bill Draft No. 325. Representatives Lefor, Hager, O'Brien, Ruby, Schauer, and Thomas and Senators Anderson, Bekkedahl, Krebsbach, Marcellais, and Roers voted "aye." No negative votes were cast.

Representative Schauer said he supports adding a retroactive clause.

Representative O'Brien said she supports removing the remarriage clause.

No further business appearing, Chairman Lefor adjourned the meeting at 8:00 a.m.

Jennifer S. N. Clark
Senior Counsel

ATTACH:6